

Regular Session, 2011

HOUSE BILL NO. 348

BY REPRESENTATIVE LEGER

TAX CREDITS: Increases the amount of the tax credit for the rehabilitation of certain residential structures and extends the taxable periods in which the tax credit applies

1 AN ACT

2 To amend and reenact Section 2 of Act No. 479 of the 2005 Regular Session of the  
3 Legislature, as amended by Act No. 188 of the 2007 Regular Session of the  
4 Legislature and R.S. 47:297.6(A)(1), relative to individual income tax credits; to  
5 decrease the amount of rehabilitation costs which qualify for the tax credit; to  
6 increase the amount of the tax credit for the rehabilitation of certain residential  
7 structures; to extend the taxable periods in which the tax credit shall be applicable;  
8 to provide for an effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. Section 2 of Act No. 479 of the 2005 Regular Session of the Legislature,  
11 as amended by Act No. 188 of the 2007 Regular Session of the Legislature is hereby  
12 amended and reenacted to read as follows:

13 Section 2. This Act shall become effective and credit may be given for all  
14 taxable years beginning after December 31, 2005, until and including the tax years  
15 beginning ~~on or before December 31, 2012~~ January 1, 2016.

16 Section 2. R.S. 47:297.6(A)(1) is hereby amended and reenacted to read as follows:

17 §297.6. Reduction to tax due; rehabilitation of residential structures

18 A.(1) There shall be a credit against individual income tax liability due under  
19 this Title for the amount of eligible costs and expenses incurred during the  
20 rehabilitation of an owner-occupied residential or owner-occupied mixed use

1 structure located in a National Register Historic District, a local historic district, a  
2 Main Street District, a cultural products district, or a downtown development district,  
3 or such owner-occupied residential structure which has been listed or is eligible for  
4 listing on the National Register, or such structure which has been certified by the  
5 State Historic Preservation Office as contributing to the historical significance of the  
6 district, or a vacant and blighted owner-occupied residential structure located  
7 anywhere in the state that is at least fifty years old. The tax credit authorized  
8 pursuant to this Section shall be limited to one credit per structure rehabilitated. The  
9 total credit shall not exceed twenty-five thousand dollars per structure. In order to  
10 qualify for that credit, the rehabilitation costs ~~of~~ for the structure must exceed ~~twenty~~  
11 ~~ten~~ thousand dollars.

12 (a) If the credit is for the rehabilitation of an owner-occupied residential  
13 structure, the credit shall be twenty-five percent of the eligible costs and expenses  
14 of the rehabilitation. ~~The credit shall be calculated using the following percentages~~  
15 ~~of the eligible costs and expenses of the rehabilitation based on the adjusted gross~~  
16 ~~income of the owner-occupant.~~ If the residential structure is owned and occupied by  
17 two or more individuals, the applicable percentage shall be based on the sum of ~~the~~  
18 ~~adjusted gross incomes~~ of all owner-occupants who contribute to the rehabilitation,  
19 and the credit will be divided between the owner-occupants in proportion to their  
20 contribution to the eligible costs and expenses, ~~unless they agree to an alternate~~  
21 ~~division as follows:~~

22 ~~(a) If the adjusted gross income is less than or equal to fifty thousand dollars,~~  
23 ~~the credit shall be twenty-five percent of the eligible costs and expenses of the~~  
24 ~~rehabilitation.~~

25 ~~(b) If the adjusted gross income is greater than fifty thousand dollars and less~~  
26 ~~than or equal to seventy-five thousand dollars, the credit shall be twenty percent of~~  
27 ~~the eligible costs and expenses of the rehabilitation.~~

~~(c) If the adjusted gross income is greater than seventy-five thousand dollars and less than or equal to one hundred thousand dollars, the credit shall be fifteen percent of the eligible costs and expenses of the rehabilitation.~~

(d) If the adjusted gross income is greater than one hundred thousand dollars, the credit is only available (b) If the credit is for the rehabilitation of a vacant and blighted owner-occupied residential structure that is at least fifty years old, and the credit shall be ~~ten~~ fifty percent of the eligible costs and expenses of the rehabilitation.

9 \* \* \*

Section 3. This Act shall become effective upon signature by the governor or, if not signed by the governor, upon expiration of the time for bills to become law without signature by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If vetoed by the governor and subsequently approved by the legislature, this Act shall become effective on the day following such approval.

# DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Leger

HB No. 348

**Abstract:** Removes the income schedule for calculation of the credit, increases the percentage for eligible costs for the rehabilitation of vacant and blighted owner-occupied structures from 10% to 50%, and decreases the amount of rehabilitation costs which qualify for the credit from \$20,000 to \$10,000. Extends applicability of this credit from tax years beginning on or before Dec. 31, 2012, to tax years beginning before Jan. 1, 2016.

Present law authorizes an individual income tax credit for the amount of eligible costs and expenses incurred during the rehabilitation of an owner-occupied residential or owner-occupied mixed use structure located in a National Register Historic District, a local historic district, a Main Street District, a cultural products district, or a downtown development district, or such owner-occupied residential structure which has been listed or is eligible for listing on the National Register, or such structure which has been certified as contributing to the historical significance of the district, or a vacant and blighted owner-occupied residential structure that is at least 50 years old.

Proposed law retains present law but clarifies that a vacant and blighted owner-occupied residential structure may be located anywhere in this state.

Present law limits taxpayers to one credit per rehabilitated structure. Further provides that the total credit shall not exceed \$25,000 per structure. In order to qualify for the credit, requires rehabilitation costs for the structure to exceed \$20,000.

Proposed law retains present law but decreases the required rehabilitation costs in order to qualify for the credit from \$20,000 to \$10,000.

Present law requires the credit to be calculated using percentages of the eligible costs and expenses of the rehabilitation based on the adjusted gross income of the owner-occupant. If the residential structure is owned and occupied by two or more individuals, the credit shall be divided between the owner-occupants in proportion to their contribution to the eligible costs and expenses, unless they agree to an alternate division as follows:

- (1) If the adjusted gross income is less than or equal to \$50,000, the credit shall be 25% of the eligible costs and expenses of the rehabilitation.
- (2) If the adjusted gross income is greater than \$50,000 and less than or equal to \$75,000, the credit shall be 20% of the eligible costs and expenses of the rehabilitation.
- (3) If the adjusted gross income is greater than \$75,000 and less than or equal to \$100,000, the credit shall be 15% of the eligible costs and expenses of the rehabilitation.
- (4) If the adjusted gross income is greater than \$100,000, the credit is only available for the rehabilitation of a vacant and blighted owner-occupied residential structure that is at least 50 years old, and the credit shall be 10% of the eligible costs and expenses of the rehabilitation.

Proposed law changes present law by removing the income provisions for calculating the credit.

Proposed law establishes the amount of the credit for the rehabilitation of an owner-occupied residential structure at 25% of the eligible costs and expenses. Further provides that multiple owners shall divide the credit in proportion to their contribution to the eligible costs and expenses for rehabilitation.

Proposed law changes present law as it relates to the rehabilitation of vacant and blighted owner-occupied residential structures by deleting the income requirement and increasing the percentage of the eligible costs and expenses of rehabilitation for which the credit applies from 10% to 50%.

Present law requires eligible structures to be owner-occupied residential property.

Present law provides that the maximum amount of tax credits allowed to be granted in any calendar year shall not exceed \$10 million. Credit shall be granted on a first-come, first-served basis.

Proposed law retains present law.

Present law (§2 of Act No. 479 of the 2005 R.S., as amended by Act No. 188 of the 2007 R.S) provides that the provisions of present law shall be applicable until and including the tax years beginning on or before Dec. 31, 2012.

Proposed law extends applicability of this tax credit from tax years beginning on or before Dec. 31, 2012, to tax years beginning before Jan. 1, 2016.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends §2 of Act No. 479 of the 2005 R.S., as amended by Act No. 188 of the 2007 R.S., and R.S. 47:297.6(A)(1))